

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
	:	
-vs-	:	
	:	
	:	
Interstate Power and Light Company;	:	03-0690
MidAmerican Energy Company;	:	03-0691
Mt. Carmel Public Utility Company;	:	03-0692
South Beloit Water, Gas and Electric	:	03-0693
Company	:	
	:	
Reconciliation of revenues collected under	:	
fuel adjustment charges with actual costs	:	
prudently incurred.	:	

ORDER COMMENCING FAC RECONCILIATION PROCEEDINGS

By the Commission:

Section 9-220 of the Public Utilities Act (the "Act") states that the Illinois Commerce Commission ("Commission") may authorize the increase or decrease in rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, changes in the cost of purchased power, or changes in the cost of purchased gas through the application of a fuel adjustment clause or a purchased gas adjustment clause.

Section 9-220 requires the Commission to initiate annual public hearings "to determine whether the clauses reflect actual costs of fuel, gas, power, or coal transportation purchased, to determine whether such purchases were prudent, and to reconcile any amounts collected with the actual costs of fuel, power, gas, or coal transportation prudently purchased. In each such proceeding, the burden of proof shall be upon the utility to establish the prudence of its cost of fuel, power, gas, or coal transportation purchases and costs."

It is now appropriate to begin the twenty-sixth round of investigations for the electric utilities listed as Respondents in this proceeding, all of which had fiscal years that began January 1, 2003, and will end December 31, 2003. Calendar year 2003 will thus be the reconciliation period for this twenty-sixth round.

Each electric utility shall reconcile total revenue collected under the fuel adjustment charge ("FAC") with total cost of fuel, power, and coal transportation, if applicable, under

Section 9-220 as amended by Public Act 90-561. The reconciliation balance shall be the difference between (1) costs as recorded in the books and records, and (2) applicable revenues. For utilities with a base cost in their FACs, the revenues shall include those revenues from base rate charges that recover fuel, power, and transportation costs includible in the FAC. Each utility shall also demonstrate that its fuel, power, and coal transportation, if applicable, purchased during the reconciliation period were prudently purchased.

The reconciliation of the FAC shall reflect the following information in the format shown below:

1. Balance of Factor Ra at December 31, 2002, per 2002 Reconciliation;
2. Factor Ro Collected/(Refunded) During 2003;
3. Balance to be Collected/(Refunded) During 2003 from prior periods (Sum of Lines 1 and 2);
4. 2003 FAC Recoverable Costs;
5. 2003 FAC Revenues;
6. 2003 Base Fuel Cost (BFC) Revenues;
7. Under/(Over)-recovery for 2003 (Sum of Lines 4 to 6);
8. FAC Reconciliation Balance at December 31, 2003 (Line 3 + Line 7);
9. Balance of Factor Ra at December 31, 2003; and
10. Requested Ordered Reconciliation Factor (Factor Ro) (Line 8 - Line 9).

The revenue and cost data presented herein is to be audited by an independent auditor prior to submission, as required by 83 Ill. Adm. Code § 425.50(b). The audit report on reconciliation and its supporting working papers shall be made available to the Commission's staff for review.

An electronic copy of the utility's testimony and exhibits shall be filed via e-Docket with the Chief Clerk's Office and four hard copies shall be mailed to the Manager of Accounting on or before April 8, 2004. Any utility that is unable to file via e-Docket must include with the original filed documents a diskette or compact disc (read-only memory) that includes the same information as the original. Notice of the filing with the Commission shall be made by the utility in accordance with the requirements of 83 Ill. Adm. Code § 255, in the manner such rules prescribe that notice be made for a general rate increase. One copy of the filing shall be made available to persons seeking a copy upon request to the utility. Utilities listed herein shall be named Respondents.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the above captioned public utilities are hereby named Respondents to these proceedings.

IT IS FURTHER ORDERED that Respondents are hereby directed to appear before the Commission on prehearing conference and hearing dates to be scheduled in each docket, and shall present evidence to show the reconciliation of FAC and BFC revenues with the actual cost of fuel, power, and eligible coal transportation obtained through purchases demonstrated by the utilities to be prudent, all as is more fully described above. In connection therewith, and prior thereto, Respondents shall file copies of their prepared

testimony and exhibits on the dates and in the manner described above in the prefatory portion of this Order, and shall provide notice thereof in the manner described above.

IT IS FURTHER ORDERED that each Respondent provide to the Chief Clerk of the Commission, no more than seven business days after the date of this Order, a complete list of all municipalities within which the Respondent provides service. Include all such municipalities irrespective of whether the municipality is itself a customer, and irrespective of whether all or merely a fraction of the residents and other entities within the municipality are customers of the Respondent. The purpose of this ordering paragraph is to allow the Commission to fulfill the notice requirements of Section 10-108 of the Public Utilities Act.

IT IS FURTHER ORDERED that the Chief Clerk be, and is hereby, directed to serve a copy of this Order on the designated agent of each Respondent.

IT IS FURTHER ORDERED that this order is not final; it is not subject to the Administrative Review Law.

By order of the Commission this 12th day of November, 2003.

(SIGNED) Edward C. Hurley

Chairman